



HUMAN RESOURCES  
DIVISION

UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

Mr. Egel

Mr. Bernstein

Mr. Farabaugh

Mr. May

Associate Director

Control Desk

File

September 8, 1983



124428

Mr. Theodore D. Wood  
Director  
Office of Civilian Health and Medical  
Program of the Uniformed Services

Dear Mr. Wood:

Subject: Interim Report on CHAMPUS Payment  
Practices (GAO/HRD-83-89)

As you are aware, the U.S. General Accounting Office is surveying payment practices of the the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) with a concentration on the extent to which (1) previous recommendations we made concerning this area have been implemented and (2) fiscal intermediaries know of other insurance that beneficiaries have which may affect CHAMPUS reimbursements. To date, we have obtained the views of CHAMPUS officials and one fiscal intermediary (Blue Shield of California) on payment practices and the methods used to identify whether beneficiaries have other health insurance, the adequacy of these techniques, and alternative or additional steps that can be taken to obtain the needed information. We also have examined a variety of commercial health insurance claim forms to determine whether and how similar information is sought.

While we have not completed our survey it appears, based on our work to date, that better information regarding other insurance still needs to be obtained.

We understand that CHAMPUS is planning to revise one of its commonly used claim forms and believe an opportunity exists for improving the quality of data gathered within the existing information gathering systems used by CHAMPUS and fiscal intermediaries.

In four previous reports we discussed the need for accurate and specific information regarding other health insurance carried by CHAMPUS beneficiaries and recommended ways to obtain

(101081)

029143

the data. Specifically, in July 1971 we reported<sup>1</sup> that the claim form certification statement of other insurance was worded in a manner which provided no means for indicating that a claimant was covered by other insurance which may have paid a portion of the claimed amount. We recommended that CHAMPUS consider revising the claim form to elicit a more informative response as to whether the beneficiary had other health insurance coverage and if so, the name of the insurance company, the policy number, and the nature of benefits under the policy.

In November 1975 we reported<sup>2</sup> that the portion of the CHAMPUS claim form concerning other insurance continued to be a major problem as it was often either incorrectly prepared or incomplete. We again recommended that the claim form be revised to provide a positive certification as to whether other insurance existed, and if so, details on that insurance.

Most recently, in February 1981 we reported<sup>3</sup> that problems existed in coordinating benefits with other insurance coverage which, in large part, were caused by inadequate data on the claim forms. We recommended that new claim forms be adopted that contain clear instructions on supplying information on other health insurance in which beneficiaries were enrolled.

In responding to each report, the Department of Defense stated that proposed revisions to the claim forms were being reviewed and that these revisions would clarify the information CHAMPUS needed regarding other insurance.

Our current survey work indicates, however, that to some extent the claim form problem still exists. Specifically, one commonly used CHAMPUS claim form--the DA 1863-1, Services And/Or Supplies Provided by Civilian Hospitals--still does not seek a clear response as to whether beneficiaries are enrolled in other health insurance plans that may pay a portion of the claimed

---

<sup>1</sup>"Costs of Physician and Psychiatric Care--Civilian Health and Medical Program of the Uniformed Services" (B-133142, July 9, 1971).

"Potential for Improvements in the Civilian Health and Medical Program of the Uniformed Services" (B-133142, July 19, 1971).

<sup>2</sup>"Management of the Civilian Health and Medical Program of the Uniformed Services Need Improvement" (MWD-76-48, Nov. 21, 1975).

<sup>3</sup>"Performance of CHAMPUS Fiscal Intermediaries Needs Improvements" (HRD-81-38, Feb. 2, 1981).

amount. We were told that this form, which in fiscal year 1982 was the document upon which about 82 percent or \$840 million in CHAMPUS claim payments were based, has not been revised since it was originally issued in 1967.

In recent discussions with CHAMPUS officials we learned of plans to revise Form DA 1863-1 to incorporate requirements of the Privacy Act and the Federal Paperwork Reduction Act. In light of this effort we believe an opportunity exists for improving the quality of information obtained on other insurance. Therefore, we recommend that the form DA 1863-1 revision include changes to

- elicit a more informative response as to whether beneficiaries have other insurance and, if so, details on that insurance, and

- contain clear instructions on supplying information about other insurance.

We believe these changes would result in more timely and accurate claim payments.

Enclosure I contains examples of the specific information which we believe needs to be obtained from all beneficiaries. These suggestions were patterned after several commercial health insurance claim forms.

While we recognize that OCHAMPUS has been working toward the eventual replacement of Form DA 1863-1 with a uniform institutional provider billing form--commonly referred to as UB-82--we nevertheless, believe that changes to Form DA 1863-1 are warranted because:

- The form is commonly used.

- The UB-82 will be phased in slowly, state by state, over a period of 3 to 6 years.

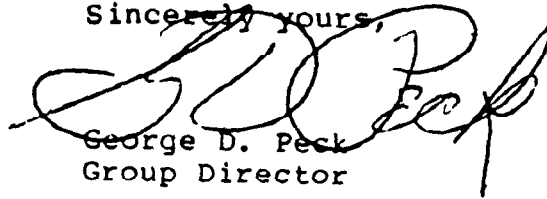
- The information obtained would greatly facilitate proposed efforts to incorporate such data into the Defense Enrollment Eligibility Reporting System.

- - - - -

We are continuing with our survey work and will keep you advised of any other areas needing improvement that we identify.

We would appreciate being advised of any actions taken or planned on the matters discussed in this report.

Sincerely yours,

A handwritten signature in dark ink, appearing to be "G. D. Peck", written over the typed name and title.

George D. Peck  
Group Director

Enclosure

SUGGESTED INFORMATION REGARDING OTHER INSURANCE

1. Does the sponsor/patient have any other health insurance coverage provided through employment, any Government agency, membership in an organization, or student status?

Yes ☐No ☐

If yes, please furnish;

- (a) name and address of insurance company, employer, Government agency, organization, or school
- (b) policy number and
- (c) effective date of policy

2. Is illness or injury related to employment or an auto accident?

Yes ☐No ☐

If yes, describe how, when and where the incident occurred.

---